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THE RIGHT TO DEVELOPMENT

ECONOMIC, SOCIAL AND CULTURAL RIGHTS

Written statement* submitted by the Indian "Tupaj Amaru" Movement,
a non-governmental organization in special consultative status

The Secretary-General has received the following written statement, which is circulated in accordance with Economic and Social Council resolution 1996/31.

[4 January 2000]

* This written statement is issued, unedited, as received from the submitting non-governmental organization.

THE IMPACT OF STRUCTURAL ADJUSTMENT PROGRAMMES ON THE FULL ENJOYMENT OF HUMAN RIGHTS AND THE RIGHT TO DEVELOPMENT

1. The twentieth century will go down in history as 100 years of stormy contradictions that changed the face of the world, leaving us with a rather bleak inheritance, namely, the hurricane of globalization that leaves in its wake extreme poverty, external debt, widespread corruption, organized crime and racism, providing fertile soil for ethnic conflict under the guise of primitive nationalism with expansionist connotations, and a return to cold war times.

2. The constant erosion of the basic right to adequate food, clothing and housing, that is, the right to equitable development, enabling each person to enjoy his natural resources in dignity, calls for cold and objective analysis by the international community of the structural adjustment programmes (SAPs) imposed on developing countries by the international financial institutions.

3. In 1944, the Bretton Woods architects designed the International Monetary Fund (IMF) and the World Bank, two of the pillars of the United Nations international monetary system, to promote economic development in the world's poorest countries.

4. To this end, and in keeping with its Articles of Agreement, the tasks of the IMF were to "facilitate the expansion and balanced growth of international trade, and [to] contribute thereby to the promotion and maintenance of high levels of employment and real income and to the development of the productive resources of all members ... promote exchange stability ... correct maladjustments in their balance of payments".

5. More than 50 years after the IMF's creation, equilibrium in monetary policy is still sadly lacking. In contradiction with its own objectives, through its binding recommendations, the IMF has been applying world trade liberalization policies, currency devaluations, price liberalization, wage freezes, budget cuts in health and education, and complete privatization of State enterprises.

6. This supranational institution is effectively in the hands of the rich countries and falls in line with their strategies. In view of its outdated mechanisms and its anti-democratic functioning, exemplified in the "one dollar = one vote" formula, the IMF is clearly not an institution that is meant to distribute wealth in an equitable manner because social justice is not one of its priorities, nor are the extreme poverty and moral distress of the peoples a matter of concern for it.

7. In this as in other areas, the United States of America, which does not have the IMF imposing any structural adjustment programme on it, in spite of its 300 billion dollar deficit, has managed to accumulate privileges and absolute powers by virtue of its 17.8 per cent of voting rights.

8. In other words, one single economic and military power has the right of veto in the international financial system, a weapon it can use to block any decision which is not in line with its own interests. Paradoxically, a large number of indebted countries have lost part of their national sovereignty, compromised their economic independence and political institutions under the famous conditionality code.

9. To speak of the Bretton Woods institutions today is to speak of colossal problems in health and education, and particularly the extreme poverty which affects millions of human beings around the world, financial upheavals, unbridled speculation, laundering of international mafia money and the external debt crisis.

10. Twenty years have passed since SAPs were first implemented in the countries of the South. Those years have revealed that, instead of promoting fair and equal development, SAPs have brutally penalized the most disadvantaged sectors of society, especially indigenous populations.

11. In his report entitled "Effects of structural adjustment policies on the full enjoyment of human rights", the Independent Expert, Mr. Fantu Cheru, engages in an objective, impartial analysis of the negative effects of the so-called economic reform programmes. His conclusions and recommendations therefore deserve special attention from Governments and specialized agencies.

EXTERNAL DEBT

12. In the eyes of indigenous peoples, the debt issue follows on from the colonial process which began in 1492 with the "conquest of the Americas". In the current globalization era, the neocolonial strategy of domination which the former colonial powers have been imposing on poor Third World countries for more than 500 years is like a two-edged sword.

13. In other words, the umbilical cord of this curse remains attached, as in other areas to the consequences of colonialism, the victims of which have been and continue to be poor, colonized, subjugated countries, in particular indigenous populations.

14. The neo-liberal model promoted by the IMF, the World Bank and the World Trade Organization (WTO) aims to transform the world into one big free trade zone. However, the impetus of this global scourge, now a powerful social device, is such that if it explodes, it could trigger the total collapse of the world economy, as evidenced by the financial crises in Mexico, Russia, Asia and Brazil, with the accompanying negative effects with which we are now familiar.

15. According to the World Bank, Third World foreign debt stood at $1.351 billion at the end of 1991. The Independent Expert, Mr. Cheru, says that at the beginning of 1996 Third World countries owed $1.8 trillion "to Western banks, Governments and multilateral institutions such as the International Monetary Fund (IMF), the World Bank" and other international aid agencies (E/CN.4/1999/50).

16. This astronomical figure, which surpasses the imaginations of poor countries, is regionally distributed as follows: "$656 billion for Latin America, $340 billion for Africa, $857 billion for Asia". (World Economic and Social Survey 1997, New York.) In terms of the ratio of debt to GNP, "sub-Saharan Africa's debt burden was 123 per cent of its GNP compared with 41.4 per cent for Latin America and 28.2 per cent for Asia". (ibid.)

17. The Economic Commission for Latin America and the Caribbean (ECLAC) and United Nations experts were of the opinion that the foreign debt of Latin American countries had increased from $20.6 billion in 1970 to $151.1 billion in 1978. By the end of 1985, the debt had risen to $368 billion and by the beginning of 1994 to $437 billion".

18. This means that the rate of increase of developing countries' indebtedness doubled between 1994 and 1996. Among the main debtor countries, Brazil, Mexico, Venezuela and Argentina account for 81 per cent of the debt to American banks (Banco Nacional de Comercio Exterior (National Foreign Trade Bank, Mexico 41, March 1991)).

19. According to a 1996 United Nations Development Programme (UNDP) study on human development, Bolivia, Guyana, Honduras and Nicaragua were classified as the poorest countries in Latin America, their leaders having accumulated debt amounting to $17 billion.

20. The indifference of the international community to the transfer of vast sums of money from poor countries to rich ones is disappointing. These indebted developing countries already paid creditor countries $189 billion in 1995 and $213 billion in 1996 in interest and debt servicing.

21. Certainly the movement of capital in search of greater profits is a major obstacle to the enjoyment of the right to development and is the main reason for extreme poverty in developing countries. In North-South relations, the spectre of external debt has become a form of servitude, with the economies of debtor countries being subjected to neocolonial profiteering capital.

22. Under cover of this subtle and fine-tuned mechanism of modern times, natural resources are unconditionally handed over to multinationals, cheap labour is exploited and the neo-liberal model is imposed on poor countries as if it were of universal value. The real objective is to preserve the strategic interests of the Western powers of the North and the privileges of the ruling classes in the South.

23. During the cold war, rich countries and Western banks offered loan facilities to anti-democratic, corrupt Governments and military dictatorships whose leaders stole the money or used much of it to oppress their own people. Now more than ever, international mechanisms need to be established to recover the money misappropriated or stolen by corrupt Governments.

24. In the meantime the IMF and the World Bank have been closing their doors to progressive Governments, with the clear objection of stifling their economies for strictly ideological reasons. This dual levelling-down policy is incompatible with the spirit of international cooperation on terms of equality between North and South.

25. The fall of socialism and the recent financial crises in Russia, Mexico and Brazil, in addition to the bankruptcy of the Asian Tigers, have demonstrated the failure of the IMF and the development aid agencies and the limitations on their contributions to the solution of socio-economic problems.

26. Faced with these hard facts, the Commission on Human Rights should accord priority attention to the generally negative role of the IMF and the World Bank and encourage States to change the rules governing the functioning of the international financial institutions.

EXTREME POVERTY

27. Against the background of the globalization of capital, markets and enterprises, the neo-liberal formulas imposed by the IMF, the World Bank and the WTO have only served to worsen the poverty of most, widen the yawning gap between rich and poor, increase unemployment, create absolute poverty, and stir up racism and xenophobia, especially against indigenous populations, for economic and political reasons.

28. With a view to fostering lasting peace and sustainable development, the General Assembly, in resolution 48/183 of 21 December 1993, proclaimed 1996 the International Year for the Eradication of Poverty. Four years after the "lost" decade and the good intentions of the international community, the wall of poverty still stands as indestructible as ever.

29. In an open challenge to these objectives to humanize the "new order", structural adjustment programmes have not only been the conveyor belt for the trade liberalization process, deregulation of the financial system and the arrogant intrusion of transnational corporations into all aspects of society, in addition, they still continue to swell the numbers of poor people who are marginalized and excluded from the new world economic order.

30. It is disappointing to watch the egotism of the rich countries and the inconsistencies in their policies to eradicate the poverty which so violently and relentlessly plagues the most vulnerable sectors of society.

31. The criteria and indicators used at the World Summit for Social Development (Copenhagen, 1995) to define poverty are relative and even subjective, in that they do not reflect the harsh reality. Only the poor themselves know that hunger is when a starving individual does not even have a morsel of bread to eat, or a coat or poncho to give protection from the cold, or an aspirin to relieve a headache.

32. In spite of the enormous difficulties encountered in obtaining confidential statistics, it is now estimated that 1.3 billion people live in poverty and 60 per cent of them - 20 per cent of the world population - in extreme poverty. Of the total world rural population, indigenous populations represent over 80 per cent of the total number of people living in poverty or extreme poverty in developing countries, and 61 per cent in Latin America and the Caribbean.

33. In Russia, where the transition is being made to a market economy, more than 15 million people are suffering from hunger. In 1996, 33 million people had been already impoverished as a result of neo-liberal reforms and the misappropriation of IMF loans.

34. The World Health Report for 1995 emphasizes the bleak future faced by children in the new world economic system. According to the report, every year 12.2 million children under age 5 die from diseases caused by polluted air and water. Currently, 150 million children suffer

from acute malnutrition; 260 million others suffer from anaemia and vitamin deficiency and most of them die for want of a few US cents. Of a total of 190 million children and adolescents who live in Latin America, half live in critical poverty.

35. At the same time, the accumulated wealth of the three richest persons in the world exceeds the collective GNP of 48 developing countries. The arms race is gathering strength under the pretext of regional crises and ethnic conflicts. The military powers, NATO member States, invest $700 million each day in the manufacture of sophisticated weapons of mass destruction.

36. The imbalance is such that, under the sacrosanct economic law of supply and demand, speculators who produce nothing whatsoever become rich overnight by simply buying and selling non-existent securities. This is the appalling result of the current world economic system, which is utterly unfair, untenable and immoral.

37. Since the IMF and the World Bank, now called into question, are no longer responding to the hopes for the balanced, fair and equitable development of poor countries, or people's aspirations for a dignified life, the Commission on Human Rights, as a matter of priority, should study the impact of structural adjustment programmes on the enjoyment of human rights, hopefully leading to a total reform of the entire international monetary system.